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December 18, 2007

## AGENDA ITEM 5b

### TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. **SUBJECT:** Blue Shield NetValue Plan Implementation Update
- II. **PROGRAM:** Health Benefits
- III. **RECOMMENDATION:** Information Only
- IV. **ANALYSIS:**

NetValue HMO Plan is being offered on a side-by-side basis with the existing CalPERS Access+ HMO<sup>®</sup> plan, with the same comprehensive benefits. NetValue offers members access to more efficient healthcare providers that meet quality metrics based on nationally-recognized quality of care measures. Because NetValue offers members a smaller, more efficient network of selected Independent Practice Associations (IPAs) and medical groups (and affiliated Primary Care Physicians and Specialists), the plan is offered at lower monthly rates. The 2008 NetValue Basic premiums provide a rate reduction of 10 percent as compared to the 2008 Access+ Basic premiums.

The NetValue service area consists of 17 counties: El Dorado\*, Fresno, Kern\*, Kings, Los Angeles\*, Madera, Nevada\*, Orange, Placer\*, Riverside\*, Sacramento\*, San Bernardino\*, San Diego\*, San Joaquin\*, Santa Barbara\*, Ventura\* and Yolo. \* *The NetValue plan is available only in portions of these counties.*

#### PROVIDER NETWORK UPDATE:

NetValue's provider network includes 106 IPAs, or 43 percent of the 248 IPAs within the 17 NetValue counties. NetValue quality and efficiency criteria were developed in response to CalPERS interest in the development of a selective, cost-efficient provider network. Blue Shield has worked with medical or provider groups wishing to change their economic arrangements in order to meet the established criteria, which has resulted in requests for re-evaluation by twenty excluded groups, two of which have been added into the network.

**MEMBERSHIP UPDATE:**

Based on a preliminary CalPERS membership report as of November 7, 2007, 115,424 members are enrolled in the NetValue network with an effective date of January 1, 2008. Approximately 88 percent of these members (101,299) transferred from the Blue Shield CalPERS Access+ plan. An additional 12 percent of these members (14,125) transferred from other CalPERS health plans. These numbers are subject to change as open enrollment information continues to get finalized.

**2008 ACTIVITIES:**

Blue Shield will track written and verbal member satisfaction related to appeals, complaints or potential quality issues through the Grievance & Appeals reporting process. Starting in January 2008, Blue Shield will provide quarterly reports to CalPERS which will highlight the types of member grievances, including if the grievances are provider related.

In Spring 2008, Blue Shield will conduct its annual review and evaluation of the NetValue network configuration providing medical groups with the opportunity to change their economic arrangements to meet the qualifying criteria for inclusion into the network for 2009.

**V. STRATEGIC PLAN:**

This request relates to Goal X: Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.

**VI. RESULTS/COSTS:**

This is an information item only.

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